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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Implementation of Sections of the)
Cable Television Consumer)
Protection and Competition Act of)
1992: Rate Regulation)

MM Docket No. 93-215

REPLY COMMENTS OF VIACOM INTERNATIONAL INC.

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September 14, 1993

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SUMMARY

In recently reconsidering its initial rate regulation order, the Commission confirmed that it has delegated to its cost-of-service standards the critical statutory and constitutional duty to ensure cable operators the ability to recover their costs under rate regulation. Contrary to the suggestion of some commenters, therefore, improvement of the Commission's benchmark/price cap mechanism in no way relieves the Commission of its duty to allow cable operators an opportunity to make an individualized, cost-based showing where necessary.

The Commission and a broad range of commenters in this proceeding are in substantial accord as to the fundamental notion that, to serve this backstop function and still ensure reasonable rates, cost-based regulation should seek to produce rates that replicate those in a competitive environment. To that end, Viacom demonstrated in its comments that the initial valuation of the cable rate base must recognize that, even in a vigorously competitive environment, assets in a growing industry such as cable are worth substantially more than the original construction costs of the physical assets -- indeed, even more than the replacement costs of those assets. It is thus unsurprising that the record to date provides little more than a reflexive, "parity"-based reliance on utility regulation to justify the proposed categorical exclusion of acquisition premiums that are not shown to constitute capitalized

monopoly rents. For valuation of the rate base going forward, in turn, Viacom has urged the Commission to adopt a "trended original cost" approach that values assets as they would be valued under a competitive scenario and thus serves the Commission's stated interest in avoiding rate shock.

Building on these valuation methodologies designed to replicate competition, Viacom proposed a carefully tailored blend of industry-wide and company-specific factors that would rationalize, but also streamline the calculation of a cable system's revenue requirement. Viacom finds much in this record and the Commission's recent reconsideration decision to support the comprehensive set of specific proposals Viacom endorsed in its comments.

These reply comments also address several other issues raised in this proceeding. First, Viacom joins a broad range of commenters in urging the Commission to encourage cable operators to increase programming investment by allowing a mark-up on programming expenses. Second, if the Commission adopts affiliate transaction rules for cost-of-service proceedings, Viacom supports the adoption of rules similar to those it recently adopted on reconsideration of the external treatment afforded to the costs of programming from affiliated entities. Finally, Viacom submits that no additional productivity factor be applied to price cap adjustments given commenters' nearly unanimous recognition of the absence of any appropriate data on which to base such an offset.

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REPLY COMMENTS OF VIACOM INTERNATIONAL INC.

Viacom International Inc. ("Viacom"), by its attorneys, hereby submits its reply to the comments of other parties responding to the Commission's proposed framework for cost-of-service regulation of cable rates. The record in this proceeding, together with the Commission's recent decision in reconsideration of its initial rate regulation order,¹ only strengthens the case for Commission adoption of the comprehensive approach proposed by Viacom in this proceeding.²

¹ First Order on Reconsideration, Second Report & Order, and Third Notice of Proposed Rulemaking in Cable Rate Regulation Proceeding, MM Docket No. 92-266, FCC 93-428 (released August 27, 1993) ("Reconsideration Order").

² Viacom submitted comments on August 25, 1993 in response to the Notice of Proposed Rulemaking, MM Docket No. 93-215, FCC 93-353 (released July 16, 1993) ("Cost-of-Service NPRM" or "NPRM").

I. THE COMMISSION HAS REAFFIRMED THE CRITICAL BACKSTOP
ROLE SERVED BY ITS COST-OF-SERVICE STANDARDS AND THUS
SHOULD REJECT CALLS TO LIMIT ACCESS TO THAT BACKSTOP

The Commission's recent Reconsideration Order offers much support for Viacom's conceptual approach and, indeed, it provides a useful prism through which to view the comments submitted in this proceeding. The Commission underscored the predicate upon which Viacom's comments are based: the cost-of-service approach has been delegated the essential statutory and constitutional duty to ensure cable operators the ability to recover their costs under rate regulation. See Reconsideration Order at ¶ 13. Therefore, while agreeing with other commenters who seek varying forms of revision of the Commission's benchmark/price cap approach, Viacom submits that improvement of the Commission's primary approach in no way relieves the Commission of its duty to allow cable operators an opportunity to make an individualized, cost-based showing where necessary.³

³ The Commission has again acknowledged that its benchmarks were "based on average rates of systems," rather than on individualized system costs:

To the extent that petitioners are arguing that the Commission must take into account each individual system's cost and profit in setting its rates, that can be accomplished through a cost-of-service showing, for which the Commission has provided.

Reconsideration Order at ¶¶ 13-14 (emphasis added).

The Commission should thus dismiss out of hand the suggestion of some that a cost-of-service showing is not a matter of right for any cable operator otherwise denied a reasonable return, but is instead a privilege to be reserved only for those who, for example, have first endured years of noncompensatory rates and resulting losses.⁴ Indeed, the Commission should firmly recognize -- as other regulatory authorities such as the Connecticut Department of Public Utility Control appear to -- that the critical statutory and constitutional backstop provided by its cost-of-service standards would crumble to the extent these standards are skewed to effectively deny a fair recovery of costs where benchmark/price cap rates are noncompensatory.⁵

In fact, the Commission and a broad range of commenters in this proceeding are in substantial accord as to the fundamental notion that, to serve its backstop function and still ensure reasonable rates, cost-based regulation should seek to produce rates that replicate those in a competitive environment. As the Commission recently summarized:

Congress's findings, the overall structure of the Act, the statutory goal for the basic and cable programming service tiers, and the statutory factors for rate determinations all point to a strong congressional intent that cable subscribers

⁴ See, e.g., Comments of GTE Service Corp. at 15 and app. at 4 ("GTE"); Comments of NATOA at 3.

⁵ See Comments of Connecticut Department of Public Utility Control at 1.

should pay rates consistent with the level of rates that would prevail if their systems were subject to effective competition.

Reconsideration Order at ¶ 12. Thus, consistent with Viacom's approach, the Commission has firmly established "having a competitive rate as our goal in rate-setting." Id. at ¶ 10.

II. VIACOM'S COMPREHENSIVE PROPOSAL FOR STREAMLINED COST-OF-SERVICE SHOWINGS STRIKES THE BALANCE BETWEEN EASE OF ADMINISTRATION AND REPLICATION OF COMPETITION SOUGHT BY THE COMMISSION AND COMMENTERS

While the comments in this proceeding present the Commission with a wide variety of specific proposals, the record -- and, as explained above, the Commission's own rulings -- clearly provide broad support for Viacom's fundamental focus on standards that would provide an orderly transition to regulated rates replicating those of a competitive environment. Furthermore, notwithstanding the few specific comments refuted below, Viacom finds much in this record and the Commission's Reconsideration Order to support, and little to stand in the way of, Commission adoption of the comprehensive set of specific proposals Viacom endorsed in its comments.

Viacom's proposal for a workable cost-of-service approach to cable rate regulation was premised on the recognition that any successful system must take into consideration both the cable operator's constitutional right

to earn a fair return on its investments and the regulator's need for a fairly simple way to monitor and evaluate rates charged to cable subscribers.⁶ With these objectives in mind, Viacom has proposed a regulatory scheme which uses cost-based standards to simplify the process where possible and uses system-specific costs only where averaged costs are inappropriate.

Building on valuation methodologies (discussed below) designed to replicate competition, Viacom proposed a carefully tailored blend of industry-wide and company-specific factors that would rationalize, but also streamline the calculation of a cable system's revenue requirement. Viacom proposed a uniform, industry-wide rate-of-return of approximately 16 percent to account for the risk inherent in the cable industry.⁷ Viacom also recommended that the

⁶ These market-based valuation proposals were developed and detailed in the Kolbe/Vitka economic study submitted as an attachment to Viacom's comments. However, as Viacom noted in its initial comments, no one approach can work for everyone and thus cable operators must be afforded the opportunity to use system-specific costs where necessary to allow them to earn a fair return. See Viacom at 43 n.37. Viacom believes, however, that its approach would reach satisfactory results for all but a few.

⁷ Viacom's rate-of-return proposal relies on the economic analysis set forth in the Kolbe/Borucki Study attached to the Joint Comments of Cablevision Industries Inc., et al. The Kolbe/Borucki Study identified a sample of publicly traded cable companies which derive a significant portion of their total revenues from cable services, and it used this sample to develop a proper rate of return. (In fact, five of the eight companies received over 90 percent of
(continued...)

Commission provide for the depreciation of cable assets at the system level and on a straight-line basis over their economic lives. Likewise suggesting that costs generally be aggregated at the system level, Viacom also urged the Commission to adopt cost allocation and accounting rules that

⁷(...continued)
their revenues from cable service.) While no set of companies is a perfect substitute for another, these companies are nearly "pure plays" and thus reflect the risk experienced by cable companies to a far greater extent than do the Standard & Poors 400 Industrials ("S&P 400").

While the Kolbe/Borucki Study (in Section C) demonstrated the soundness of focusing on the overall cost of capital without regard for varying capital structures, some commenters have expressed concern about what they depict as requests for extremely high costs of equity. For example, calculations performed by Dr. Vander Weide, attached to the Bell Atlantic Comments, argue that some entities have sought as much as a 37 percent return on equity. Comments of Bell Atlantic, et al., Affidavit of James H. Vander Weide at 3-15 ("Bell Atlantic"). Dr. Vander Weide's calculations, however, erroneously assume that the cost of debt for cable companies is 7.8 percent. This rate is actually less than that of the S&P 400's cost of debt, which he assumes to be 7.9 percent. The table attached hereto lists bond ratings and average yields for July 1993 as reported in *Standard and Poor's Bond Guide*, for a sample of publicly traded cable service companies. See app. These data indicate that the cost of debt for cable companies is close to 10 percent. Repeating Vander Weide's calculations with a cost of debt equal to 10 percent, and still assuming his 86 percent debt and 14 percent equity ratio and an 11.88 percent overall rate of return, yields a cost of equity of 23.4 percent -- as compared to Vander Weide's reported 37 percent. Regardless, the average market debt to equity ratio for the sample of cable companies in the Kolbe Study is, in fact, approximately 73 percent. Repeating Dr. Vander Weide's calculations based on a 73/27 debt-to-equity ratio and a cost of debt of 10 percent, this approach yields a cost of equity of only 17 percent.

would be easy for both regulators and regulatees to apply and that account for the advent of a digital cable environment.

III. NOTWITHSTANDING THE CALL FOR SUPERFICIAL PARITY IT HAS ALREADY SOUNDLY REJECTED, THE COMMISSION SHOULD REPLICATE COMPETITION IN ITS DETERMINATION OF CABLE SYSTEMS' RATE BASES BY EXCLUDING FROM THEIR MARKET VALUE ONLY QUANTIFIABLE MONOPOLY RENTS AND, GOING FORWARD, BY APPLYING TRENDING ORIGINAL COST

Viacom demonstrated in its comments that the initial valuation of the cable rate base must recognize that assets in a growing industry such as cable are worth substantially more than the original construction costs of the physical assets -- indeed, even more than the replacement costs of those assets.⁸ Rather than in any way refuting this demonstration, the record to date provides little more than a reflexive, "parity"-based reliance on utility regulation to justify the proposed use of ill-suited "original cost" methodology for the initial valuation of a cable system's rate base.

The Commission's Reconsideration Order should, however, serve to silence the mantra of "regulatory parity" that echoes throughout the telephone companies' comments in this proceeding. As the Commission succinctly stated, "telephone companies have failed to advance a sufficient reason why we should adopt as an overriding policy goal, achieving parity

⁸ Accord Comments of Arthur Andersen & Co. at 2-3, 26. ("Arthur Andersen").

in price cap mechanisms for the two industries."

Reconsideration Order at ¶ 90. The Commission notes the statutory command, which was reinforced by the legislative history of the Cable Act of 1992, that the Commission not woodenly import utility regulation into its rate regulation of the cable industry.⁹ The Reconsideration Order thus appropriately concludes that "instead, our price cap requirements for cable and telephone services are, and should be, based on the respective, separate considerations discussed in the proceedings in which we adopted those respective requirements." Id. at ¶ 90.¹⁰

⁹ Id. at ¶ 48 n.137, citing 47 U.S.C. § 541(c); see also H.R. Rep. No. 628, 102d Cong., 2d Sess. 30 (1992) (Congress did not intend for the cable industry to become subject to the full scope of utility-type regulation embodied within Title II of the Communications Act).

¹⁰ The Commission should thus have little difficulty dismissing the transparent call of various telephone company commenters to encumber cable operators with ill-fitting, unnecessary regulations and accounting requirements. For example, the Commission should give little credence to the suggestion that it scrap its carefully structured approach to external treatment of certain costs under its price cap approach. See GTE Comments and exhibit attached thereto. Because the benchmarks do not take many of a cable system's key cost factors into account (such as its relative operating costs, population density, technical sophistication, high-end programming costs, or extent of underground plant), the Commission's recognition that at least certain critical costs are likely to rise at a rate faster than the GNP-PI and thus warrant external treatment is critical to rationalizing the benchmark/price cap mechanism going forward. For example, denial of external treatment would, among other things, eliminate any incentive for increased programming investment under the benchmark mechanism. This belated restructuring of the price cap is also erroneously premised on the notion that
(continued...)

A broad range of commenters have, on the other hand, voiced support for a more rational and equitable method of initial rate base valuation that -- as does Viacom's competitive market value approach -- accounts for the cable industry's transition from a nonregulated to a regulated environment.¹¹ Like Viacom, these commenters recognize that the NPRM's proposed original cost method of valuation and categorical exclusion of "excess" acquisition costs is illogical, unfair and contrary to the Commission's interest in an orderly transition.

State regulators may be counted among those calling for a reasonable and fair valuation of the cable rate base. For example, the Massachusetts Community Antenna Television Commission, the state agency charged with regulating cable television in Massachusetts, commented that "we maintain deep reservations about the fairness of disallowing any lawful acquisition costs that were incurred by the cable operator prior to passage of the 1992 Act."¹² Similarly, the New York

¹⁰(...continued)
a competitive standard should exclude systems meeting the "less than 30% penetration" effective competition test -- a notion which the Commission has thoroughly rejected. See Reconsideration Order at ¶ 127-131 (Second Report and Order).

¹¹ See, e.g., Comments of Massachusetts Community Antenna Television Commission at 7 ("MCATA"); Comments of the New York State Commission on Cable Television at 5 ("NYSCCT"); Arthur Andersen at 26.

¹² MCATA at 2, 6-7.

State Commission on Cable Television stated that it agrees with the FCC's suggestion "that 'equity may require allowance of some excess acquisition costs in view of the transition from a nonregulated to a regulated environment.'" ¹³ Even cable operator rivals such as BellSouth voiced opposition to the Commission's proposed categorical disallowance of "excess" acquisition costs. ¹⁴

Moreover, even several commenters in favor of the Commission's proposed original cost methodology have acknowledged that the value of a cable system does indeed exceed that of its physical assets. ¹⁵ While many of these parties nonetheless support categorical exclusion of "excess" acquisition costs because they believe they at least in part reflect expectations of monopoly profits, ¹⁶ none of these commenters -- nor the NPRM itself -- has presented any reasonable basis for the categorical exclusion of acquisition

¹³ NYSCCT at 5-6. NYSCCT explained that while "prices paid for the acquisition of cable systems since deregulation in 1984, and particularly in the latter part of the 1980's, were substantially in excess of the cost of constructing a cable system, many such transfers were subject to government consents . . . and the inflated prices were not unique to the cable television industry." Id. at 6. NYSCCT thus proposed allowing cable operators to demonstrate the need to include excess acquisition costs in the rate base.

¹⁴ Comments of BellSouth at 16 ("BellSouth").

¹⁵ See, e.g., Comments of Michigan Ad Hoc Committee for Fair Cable Rates at 14; see also BellSouth at 16.

¹⁶ See, e.g., NATOA at 14.

premiums that are not shown to constitute capitalized monopoly rents.¹⁷ The record thus provides no basis for denying the merit of an approach, such as that advanced by Viacom, that would determine the competitive market value of cable systems by excluding from the rate base no more and no less than the quantifiable monopoly rents.

For valuation of the rate base going forward, in turn, Viacom suggested that the Commission use a concept termed "trended original cost" ("TOC"). Such an approach values assets as they would be valued under a competitive scenario, where -- as Viacom demonstrated in the economic study appended to its comments -- rates do not fluctuate with the age of assets.¹⁸ The use of TOC thus results in two

¹⁷ For example, the Comments of the Municipal Franchising Authorities note that the price of cable systems has increased "in large part" because of expectations of monopoly profits. Comments of the Municipal Franchising Authorities at 21. Inexplicably, these comments still conclude that all excess acquisition prices should be disallowed.

¹⁸ The fundamental purpose of TOC is to establish asset values and capital charges (allowed earnings and depreciation) that are consistent with those that would occur under competition, accounting for inflation. Arthur Andersen also has suggested the use of a TOC methodology, albeit only to establish the starting rate base for those cable operators that had excess acquisition costs on their books as a result of a merger or acquisition. See Arthur Andersen at 27, 30. Viacom believes, however, there is no reason to distinguish between the starting rate base and subsequent investments for purposes of trending. As explained in the Kolbe/Vitka Study, to achieve efficiency and emulate the asset values and returns that would take place under competitive circumstances, the most economically sound approach would
(continued...)

benefits. First, it allows cable rates to be set at levels that replicate competitive rates. Second, it will avoid the artificial rate shock that a traditional, untrended historical cost approach would produce if applied to cable. See Viacom at 39-42. Indeed, the Commission itself has soundly underscored the importance of "protecting consumers from abrupt rate increases [to] fulfill[] our statutory mandate," and thus it should adopt TOC to that end.¹⁹

IV. THE COMMISSION'S COST-OF-SERVICE STANDARDS SHOULD NOT UNDERMINE PROFIT INCENTIVES FOR CABLE OPERATORS TO INCREASE PROGRAMMING INVESTMENT

The Commission has well recognized that, consistent with its statutory mandate, any rate regulation regime imposed on the cable industry should encourage operators to continue to add new programming and otherwise increase investment in programming.²⁰ To do this, cable operators must be provided with an incentive to invest in more programming. Both the benchmark and the proposed cost-of-service regimes fail in

¹⁸(...continued)
trend both the starting rate base and additional investments for inflation and exclude any compensation for inflation from the allowed rate of return.

¹⁹ Reconsideration Order at ¶ 93.

²⁰ See id. at ¶ 114; see also Cable Television Consumer Protection and Competition Act of 1992, Section 2(b)(3) (policy of Congress to "ensure that cable operators continue to expand, where economically justified, their capacity and the programs offered over their cable systems").

this test. Rather, as currently structured, they at best allow the cable operator to pass-through the cost of programming.

By precluding a profit component in the treatment of programming costs, the Commission's cost-of-service rules would eliminate incentives to increase cable programming investment -- at least on regulated tiers. Rather, they would provide further incentive to offer programming on an unregulated, a la carte basis. This artificial incentive to go a la carte disservices cable operators, cable programmers, and subscribers alike.

As Viacom has previously demonstrated, to avoid discouraging investment in programming, the Commission should provide cable operators with the ability to add some reasonable mark-up on its programming expenses. See Viacom Petition for Reconsideration and Clarification in MM Docket No. 92-266 (June 21, 1993) at 12-13. Not only would a margin provide cable operators with a direct financial incentive to increase programming investment, but it would also help to offset the risk they incur in adding program services whose ultimate success is inherently uncertain. No opposing commenter has demonstrated why such a mechanism would not serve the public interest.²¹ To the contrary, commenters

²¹ The theoretical prospect of supranormal profits raised by Consumer Federation of America, for example, would
(continued...)

within and without the industry have recognized the critical need to create a regulatory regime that actively encourages continued investment in programming.²² Accordingly, Viacom urges the Commission to permit a percentage mark-up on programming costs in cost-of-service proceedings.

V. THE COMMISSION SHOULD EMPLOY ITS NEWLY ADOPTED
AFFILIATE TRANSACTIONS RULES IF IT ADOPTS ANY SUCH
RULES FOR COST-OF-SERVICE PROCEEDINGS

Viacom urges the Commission to implement rules for affiliate transactions in general that parallel those it has now adopted to govern a cable operator's ability to pass through the costs of programming obtained from affiliated entities. While the pass-through issue was also noted in the NPRM in this proceeding and various commenters have urged cost-of-service regulations in this regard,²³ the Commission has now effectively resolved this issue with its recent Reconsideration Order in the closely related benchmark docket.

²¹(...continued)
be resolved by the application of affiliate transaction rules comparable to those the Commission has already adopted. See Section V, infra.

²² See BellSouth at 9; Comments of Motion Picture Association of America at 2; Comments of Tele-Communications, Inc. at 33-36; and Comments of Media General Cable of Fairfax County, Inc. at 14.

²³ NPRM at ¶¶ 67-69.

The Commission concluded that the legitimacy of a cost incurred by a cable operator in obtaining programming from an affiliated entity should be determined by looking to the prevailing price offered in the marketplace to third parties or (in the absence of such a price) the fair market value of the programming. Reconsideration Order at ¶ 114. There simply is no reason for affiliate transactions to be treated any differently in the context of cost-of-service proceedings -- particularly with regard to programming costs.

Accordingly, if a cable operator obtains a good or service from an affiliated entity, the legitimacy of the cost should be determined by looking to the prevailing price offered in the marketplace to third parties or the fair market value of the good or service. While still allowing cable operators to retain the benefits inherent in vertical integration, this method provides the Commission with a straightforward mechanism for ensuring that costs are market-based and not artificially inflated.

VI. COMMENTERS HAVE CONFIRMED THAT THE COMMISSION LACKS ANY BASIS AT THIS TIME TO IMPOSE AN ADDITIONAL PRODUCTIVITY OFFSET IN ITS PRICE CAP ADJUSTMENTS

Commenters are virtually unanimous in their recognition that there exists insufficient data to determine an appropriate level for a productivity offset to the inflation adjustment which will serve as the general limit on rate

increases for cable operators under benchmark regulation. Because of this absence of any relevant empirical support, and for other reasons as well, Viacom continues to urge the Commission to refrain from adopting a productivity offset to the GNP-PI inflation index. See Viacom at 61-62.

As BellSouth has acknowledged, for example, "there is insufficient evidence in the record at this time to determine an appropriate productivity offset for the cable industry based on industry specific studies of the type used by the Commission in developing the price cap plan for the telecommunications industry." BellSouth at 34. GTE likewise noted that, although there existed a substantial body of empirical evidence in the telephone industry on which to base a productivity factor, "[s]imilar hard evidence is not yet available for the cable industry." GTE at app. 10.

Viacom has demonstrated, moreover, that a productivity offset is unnecessary given the productivity gains already reflected in the Commission's chosen inflation index and in the sharply declining slope of the Commission's benchmark curve. Indeed, there already exists substantial uncertainty as to the cumulative effect the imposition of a price cap regime will have on the cable industry -- particularly with regard to its ability to invest in improving existing or introducing new programming or technologies that will benefit consumers. Viacom at 61-62. Thus, the added imposition of

an inappropriate offset could well cause far-reaching harm to cable operators and consumers.

Notwithstanding this acknowledged state of affairs, several commenters -- primarily telephone companies -- urge the Commission to impose a productivity offset here that is the same as that imposed on local telephone exchange carriers. See, e.g., Bell Atlantic at 11; GTE at 21. These commenters fail to provide any rational basis for the imposition of any productivity offset on cable operators -- much less the very same offset applied to local exchange carriers. Rather, they appear to argue that this offset should be imposed on the cable industry because: (1) the Commission, after evaluating numerous cost studies of telephone companies, determined that this offset was appropriate for their industry; and (2) since those companies might well compete with cable operators in the future, the same offset should be applied here.

This non sequitur must be rejected. It is undisputed that there has been no data submitted in the context of this proceeding that purports to demonstrate any correlation between productivity in the telephone industry and productivity in the cable industry. Any claim that the same offset should be applied is based solely on an uncritical invocation of "parity" along the lines already soundly rejected by the Commission. See Reconsideration Order at

¶ 90. Accordingly, in the absence of data applicable to the cable industry and recognizing the negative impact that an improper offset could have, the Commission should refrain from adopting any productivity offset at this time.

CONCLUSION

Viacom respectfully urges the Commission to adopt the rate base valuation methodologies and additional streamlining proposals described in its comments. Given the ample support for these proposals found in the record in this proceeding and the Commission's Reconsideration Order, this comprehensive set of proposals would provide the Commission with a viable, cost-based backstop for cable rate regulation.

Respectfully submitted,

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September 14, 1993

Bond Rating and Yield for Sample of Publicly Traded Cable Service Companies

Companies	Dominant Rating	Current Yield	Yield to Maturity
Adelphia Communications Corporation	B	11.9	11.6
Cablevision Systems Corporation	B	10.0	9.9
Century Communications Corporation	B+	9.7	9.5
Comcast Corporation	B	9.8	9.4
Jones Intercable, Inc.	B	10.6	10.4
TCA Cable TV, Inc.	N/A	N/A	N/A
Tele-Communications, Inc.	BBB-	8.6	8.1
Average:	B	10.1	9.8

Source: Standard & Poors Bond Guide, August 1993.